(vi) Abolition of Chapter Xll-A in the IT Act;

(vii) Non-residents doing business in India should be required to obtain PAN.

(c) Yes, Sir.

(d) The Working Group on Non-Resident Taxation recommends that non-residents doing buiness in India should be required to obtain PAN. The Group has, however, further recommended that to obviate hardship, the non-residents who do not have'physical presence in this country may be excluded from this requirement.

Nine-Point Reforms Agenda for capital account convertibility

42. SHRI AIMADUDDIN AHMAD KHAN (DURRU): Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government announced a nine-point reforms agenda to take the country towards full capital account convertibility;

(b) if so, the details thereof; and

(c) the reaction and response of the Indian and foreign trade and industry thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) On January 10, 2003 speaking on the occasion of the Pravasi Bhartiya Divas celebration in New Delhi, the Union Ministry of Finance and Company Affairs announced the following relaxations on capital account transactions for a period of six months:

- Removal of the limit of US $ 20,000 for remittance under the Employees Stock Options Programme (ESOP) Scheme;
- Discontinuation of limits on trade-related loans and advances by Export Earners Foreign Currency (EEFC) account holders, though the transaction will continue to be reportable to RBI. General permission to retain ADR/ GDR proceeds abroad for future foreign exchange requirements;

- Permission to corporates, who have set up their branches and offices abroad, to acquire immovable property overseas for their business/staff residential purposes;
- Permission to listed Indian companies to invest abroad in companies listed in recognized overseas stock exchanges and having at least 10 per cent shareholding in a company listed on a recognised stock exchange in India, on January 1 of the year of investment. Such investments should not exceed 25 per cent of the Indian company's net worth as on the date of the last audited balance sheet;
- Mutual funds are permitted to invest abroad in companies which are listed on overseas stock exchanges and which have at least 10 per cent shareholding in a company listed on a recognized stock exchange in India on January 1 of the year of investment. The overall cap for investment abroad by mutual funds in raised to US $ 1 billion;
- Apart from companies, individuals are also permitted to invest abroad in companies which are listed on overseas stock exchanges and which have at least 10 per cent shareholding in a company listed on a recognized stock exchange in India on January 1 of the year of investment. However, no investment limits are fixed for individuals;
- With regard to transfer of assets in India, remittance of proceeds up to US $ 1 million is permitted.

The announcement of these policies, in general, was welcomed by the industry, trade organisations and the Non-Resident Indians.

Restructuring of Department of Company Affairs

43. SHRI NILOTPAL BASU: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the Department of Company Affairs (DCA) has inadequate infrastructure of inspection and investigation of corporate nexus in manipulating the capital market;